

FRUEHAUF

Annual Report 1976



ANNUAL MEETING OF SHAREHOLDERS

The Annual Meeting of Shareholders of the Fruehauf Trailer Company of Canada Limited will be held on Friday, April 22, 1977, at 2:30 p.m. (Toronto time) in the Board Room of National Trust Company Limited, 3rd floor, 21 King Street East, Toronto, Ontario.

Proxies will be solicited from Shareholders when the Notice of Annual Meeting and Proxy Statements are mailed on or about March 31, 1977.

CONTENTS

Financial Highlights	1
Report on Operations	2-5
Auditors' Report	6
Statement of Net Earnings	7
Balance Sheets	8-9
Statement of Earnings Retained	10
Statement of Changes in Financial Position	10
Notes to Financial Statements	11
Statistical Summary of Operations	12-13
Revenue Distribution	14
Coast to Coast Facilities	15
Products	15
Directors and Officers	16

Head Office:
Fruehauf Trailer Company of
Canada Limited
2450 Stanfield Road
Mississauga, Ontario L4Y 1S3

FINANCIAL AND STATISTICAL HIGHLIGHTS

	<u>1976</u>	<u>1975</u>
Net Sales	\$40,872,708	\$47,161,334
Earnings before Taxes on Income	5,488,035	6,866,271
Earnings: Per cent to Sales	13.4	14.6
Net Earnings	2,993,035	3,674,271
Net Earnings: Per cent to Sales	7.3	7.8
Net Earnings per Share	1.11	1.36
Dividends per Share40	.40
Net Assets (Book Value) per Share	13.38	12.67
Total Assets	44,496,305	43,168,288
Working Capital	31,108,456	28,294,922
Number of Shareholders	425	406
Number of Employees	792	635



REPORT ON OPERATIONS — 1976

To Our Shareholders:

Total sales for the year were \$40,872,708, a decrease of 13.3% from the 1975 year. Net earnings were \$2,993,035, off 18.5% from \$3,674,271 earned in the previous year. Current earnings represent \$1.11 per share and compare to \$1.36 per share in the twelve months of 1975. The current year was adversely affected by a five month shutdown of the main manufacturing facility due to a labour disruption. However, a contract settlement and return to work was accomplished by the first of December.

Dividends to Shareholders

During the year we again paid two dividends of 20 cents to all common shareholders. The first was paid on March 25 following the results of the second half earnings of 1975, the second was paid September 2, 1976 following release of operating results of the first half of the current year. On February 21, 1977, based on final results for the current year a further dividend of 20 cents per share has been declared. This dividend maintaining the annual rate is payable March 28, 1977, to shareholders of record on March 7, 1977.

Operation Highlights

The year was severely affected by a labour disruption which saw a complete withholding of services at both the main Dixie manufacturing plant and the Toronto service branch. However, while we suffered extensive losses at each of these locations throughout the five months' shutdown, we were able to maintain an overall corporate profit position throughout the period. With a return to work under a three year contract we look forward to periods of continuing production and labour unanimity.

The year experienced a reduced customer demand for new equipment throughout the trailer industry. Under this circumstance many of our customers were able to wait for equipment deliveries. We returned to production in December with virtually the same order backlog as was on hand at the June close down point.

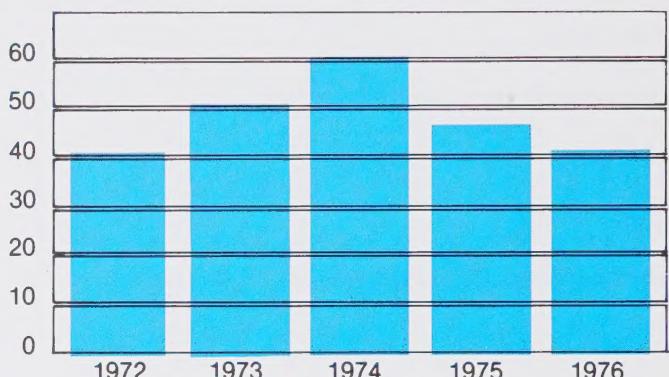
We maintained a close control over expenses throughout the entire year. Many economies were effected during the reduced operations including withholding selected staff replacements resulting from normal turnover.

Financing Products Sold

The continuing monthly revenue from our finance programs had a significant benefit on our ability to maintain profitable results. While our portfolios have declined as a result of reduced deliveries in the last half of 1976, the year's finance revenue earned was off only 7% from the record finance earnings of 1975.

NET SALES

(**\$ MILLIONS**)



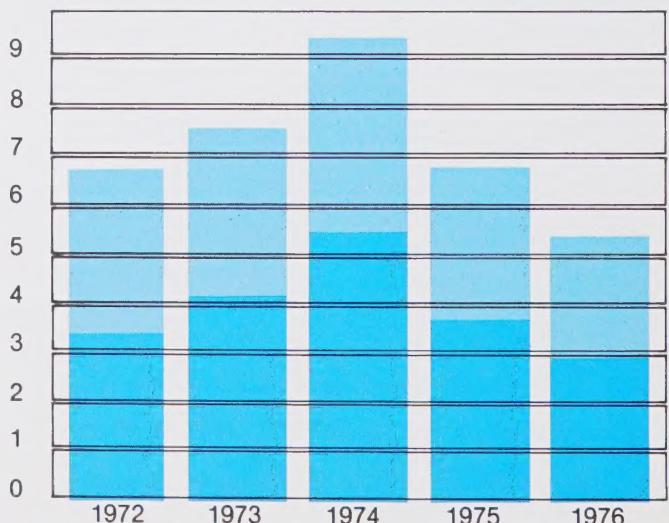
Under the income statement caption of "finance and other interest" the current year included income from the investment of funds in short term market securities. The finance earnings portion of the revenue item is \$2,147,927 in the year compared to \$2,306,271 in 1975. Our investment in installment contracts of \$14,472,937 is a drop of \$3-1/4 million reflecting the sharply reduced sales input. The trend away from leasing continued in 1976 and as a result only \$91,446 of equipment was leased. With the extent of maturities on existing lease contracts, equipment leased to customers decreased to \$1,292,459 from \$2,239,625 a year earlier.

We will continue our efforts to expand our finance portfolios and we are confident this can be achieved given a period of consistent sale and production. We are in a position to offer either form of financing program to our customers and we offer plans custom tailored to suit each customer's individual requirements.

NET EARNINGS

EARNINGS BEFORE TAXES ON INCOME

(**\$ MILLIONS**)

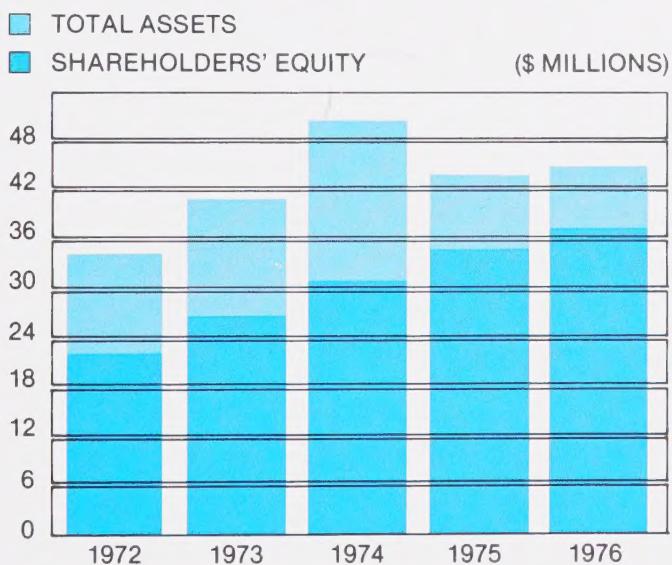


Capital Expenditures

Expenditures for capital equipment during 1976 were held to \$327,018. With the constrictions on return on investments imposed by the A.I.B. program, we again restricted capital expenditures in favour of maximization of cash flow. Accordingly expenditures were held to items necessary to maintain production and service equipment items and complete a minor branch extension which had been committed previously.

Depreciation of plant and equipment in the current year was \$454,399 in comparison to \$434,194 in the prior year. We follow a practise of depreciating assets on a straight line basis over their estimated useful life. Generally we apply ten years to machinery and equipment items, seven years to automotive equipment and forty years to buildings.

Depreciation of equipment leased to customers was \$691,128, down from \$999,485 in 1975. This reduction results from the previously mentioned trend away from leasing in favour of direct ownership financing. On termination of leases the equipment is sold through our used equipment marketing operation generating an additional source of revenue.

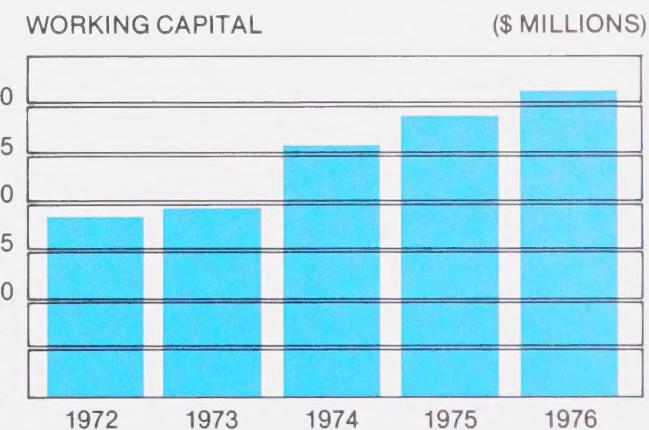


For tax purposes we follow a practise of claiming the maximum capital cost allowance available ("C.C.A." — depreciation for tax purposes). This treatment gives rise to the balance sheet item, "deferred taxes on income", which is designed to protect earnings of periods when the C.C.A. available as a deduction may be less than book depreciation, which occurred in the current year. A similar treatment is also employed in other items where timing differences may exist between financial and tax reporting. A net reduction in the deferred tax account of \$420,500 was used in this manner to prevent any abnormal tax impact on the current year's income.

Financial Position

The year achieved a positive cash flow of slightly over \$7-1/4 million, exceeding that of the previous year. In addition to the substantial working capital increase, primarily from net earnings, the \$3-3/4 million reduction in receivables contributed to the markedly higher cash balance. These increased funds were invested in short term market securities throughout the year. Interest from this source totalled \$440,483, a significant benefit during a critical period. As the year closed we have a total of \$7-3/4 million in liquid market securities. This asset can be readily converted to finance an increase in our long term revenue producing installment contract portfolio.

The overall strength of our financial position is demonstrated by the current ratio. Current assets over current liabilities represents 5.1 to 1, up from the ratio at the previous year end of 4.5 to 1. During the year all debt was retired, the last retirement in November being \$800,000 balance of the twenty year debenture issue. The discharge of this debenture removes the pledged lien against the main manufacturing facility at Dixie. This long term borrowing was the means by which the plant and its original equipment was financed in 1956. In the last two years your Company has eliminated total indebtedness of \$8-1/4 million and now has \$7-3/4 million invested in market securities — a \$16 million funds swing.



Accounting Principles

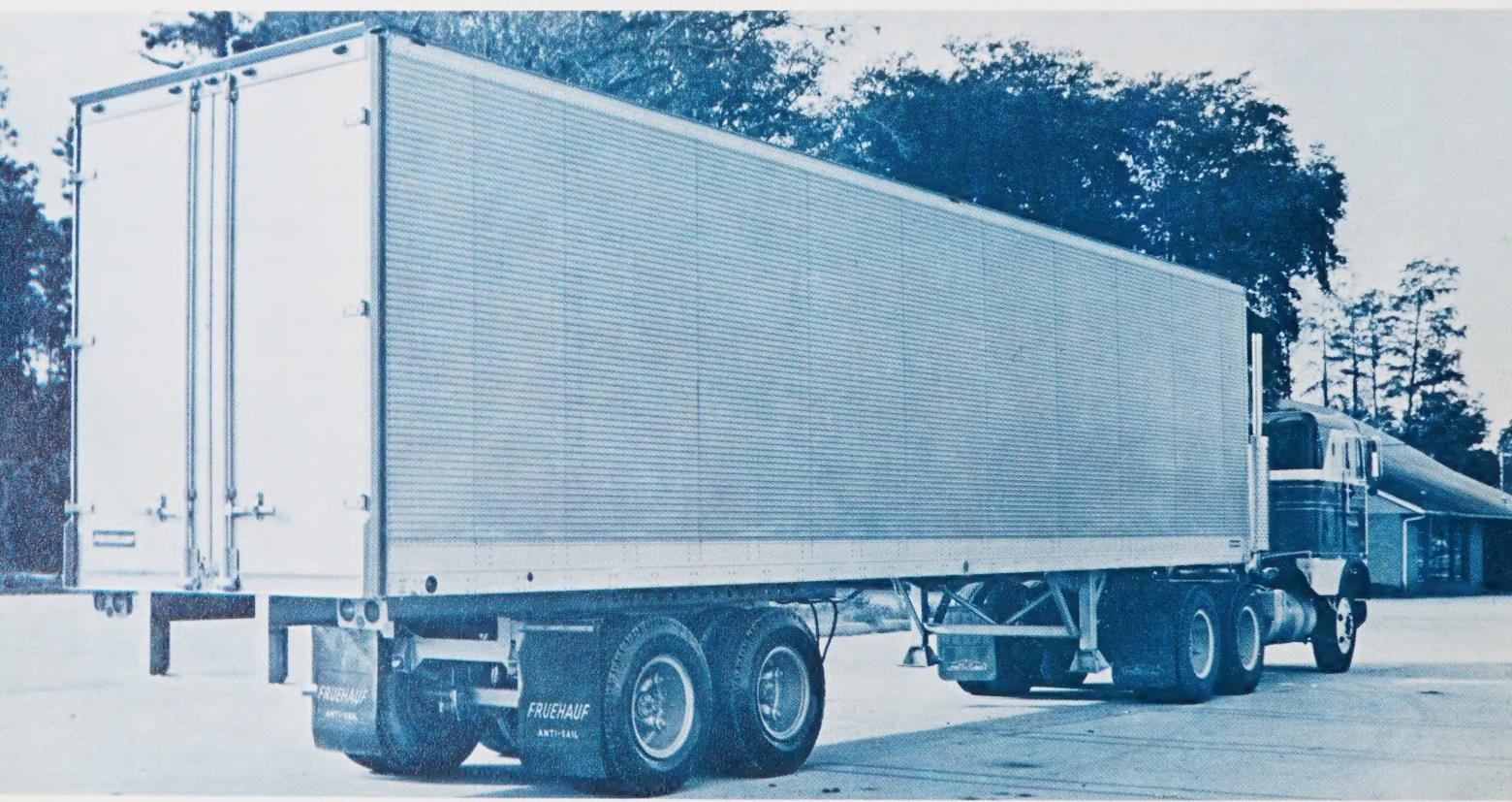
In our report we have attempted to highlight the significant factors affecting the year's results as well as the major items of the balance sheet financial position. We will continue to strive for meaningful disclosure information through our financial statements and notes thereto, and our report on operations. Once again the Canadian Institute of Chartered Accountants in their 1976 year publication "Financial Reporting in Canada", selected segments of your Company's annual report as examples of desirable disclosure.

Products and Facilities

Throughout this report we have portrayed a selected group of our varied trailer models. We have expanded the number of trailer models depicted to enable a better appreciation of units from the various production facilities. At the main manufacturing plant in Mississauga, just west of Toronto, we produce a range of Van trailers, plus Platform and Dump trailers and a wide variety of special product Tank trailers. At our Calgary location we produce Platform and Lowbed models plus a Grain trailer and a selection of heavy equipment custom units. In Montreal we produce a complete line of Lowbed units for the construction industry in Eastern Canada. The lowbed trailer at the top left of page 5 is a Montreal facility unit, while the platform at the top right of this same page is a Calgary unit. The grain trailer on page 6 is also a Calgary model. All of the other trailers throughout the report are products of the Dixie, Mississauga facility.

at this time we are in the midst of improvements at the London branch. Also in the coming year we will be undertaking modifications of our Vancouver branch. While the branch renovations are not a major undertaking, they are designed to ensure sound functioning facilities which will continue to offer efficient service to our customers.

Last year we indicated that we had temporarily deferred a major product facility expansion. We reassigned the investment priority in view of outlook at that time and the uncertainty surrounding ability to attain adequate return on investment under the present Government controls program. We plan to proceed with a production expansion and improvement given a desirable economic outlook and clarification of the controls program. We are in a strong funds and credit worthiness position to address any such undertaking once the proper timing is reached.



A listing of trailer models also appears on page 15 of this report.

Your Company services the product it sells from coast to coast. We have eight Company owned service branches across Canada while in the north and smaller centres, plus the Maritimes, we are represented by a dealer and distributor organization. Over the past three years we have completed minor facility extensions and renovations at several branch locations. An enlargement to the parts stockroom was completed at our Quebec branch in the current year and

Dry Freight Model "F" Beaded Panel Van Trailer — Dixie Plant

Fruehauf-Canada is a public company with shares listed on the Toronto Stock Exchange. We are also part of the world-wide Fruehauf organization devoted to transportation products and services. Through a royalty agreement with Fruehauf Corporation (U.S.) we receive the ongoing benefits of the extensive research and development of the parent organization.



Carryall Trailer — Montreal Plant



Platform Trailer — Calgary Plant

Outlook

Generally growth in the Canadian economy has been adversely affected by the Government's controls program. The uncertainty created by the A.I.B. controls and the repeated changes and modifications thereto have all but eliminated growth potential. Only the elimination of the control restrictions will rectify this problem which is even more onerous under the rules applicable to 1977 than those in effect throughout 1976. All of this will have a direct bearing on the trailer industry as well as all other industries in Canada during the coming year. While we expect total demand for products in the industry in 1977 to approximate or slightly exceed the previous year, we expect the Fruehauf-Canada position to be considerably stronger without any production disruption. A sound return on investment should be attained in 1977 for your Company.

At the last annual meeting Mr. R.D. Rowan was elected President of the Company replacing

Mr. W.E. Grace. Mr. Rowan is also President and Chief Executive Officer of Fruehauf Corporation (U.S.) and was previously a Vice President of our Company. Mr. Grace will continue to provide the benefit of his extensive knowledge and experience as a member of the Board of Directors of our Company, in addition to his responsibility as Chairman of the Board of the parent company.

Your Directors express their appreciation to our employees and to our customers and shareholders for the confidence and loyalty they have shown in our activities and products.

On Behalf of the Board



R.D. Rowan, President

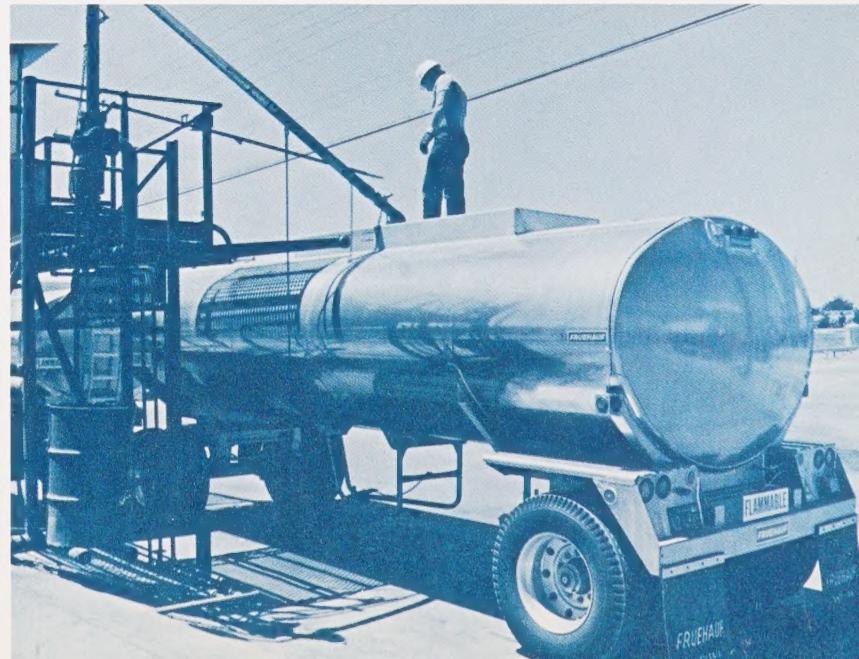


D.A. Grinstead, Vice President

Model "F" Beaded Panel "Doubles" Unit — Dixie Plant



Aluminum Gasoline "Round" Tank — Dixie Plant





All Aluminum Dump Trailer — Dixie Plant

TOUCHE ROSS & CO.

P.O. BOX 12
FIRST CANADIAN PLACE
TORONTO, ONTARIO M5X 1B3
(416) 366-6521

AUDITORS' REPORT

The Shareholders,
Fruehauf Trailer Company
of Canada Limited.

We have examined the balance sheet of Fruehauf Trailer Company of Canada Limited as at December 31, 1976 and the statements of net earnings, earnings retained for use in the business and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Company as at December 31, 1976 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Touche Ross & Co.

Toronto, Ontario,
February 4, 1977.

Chartered Accountants.

Grain Hopper Trailer — Calgary Plant



STATEMENT OF NET EARNINGS

YEARS ENDED DECEMBER 31, 1976
AND DECEMBER 31, 1975

	<u>1976</u>	<u>1975</u>
REVENUES		
Net sales	\$40,872,708	\$47,161,334
Finance and other interest	2,588,410	2,320,268
	<u>43,461,118</u>	<u>49,481,602</u>
COST AND EXPENSES		
Cost of products and service sold, other than items below ..	32,959,679	36,833,238
Selling and administrative expenses	3,114,987	3,186,703
Depreciation	1,145,527	1,433,679
Taxes other than taxes on income	710,727	666,802
Interest (including \$36,429 in 1976 and \$74,423 in 1975 on long-term debt)	42,163	494,909
	<u>37,973,083</u>	<u>42,615,331</u>
EARNINGS BEFORE TAXES ON INCOME	5,488,035	6,866,271
Taxes on income		
Current	2,915,500	3,357,200
Deferred (credit*)	420,500*	165,200*
	<u>2,495,000</u>	<u>3,192,000</u>
NET EARNINGS	<u>\$ 2,993,035</u>	<u>\$ 3,674,271</u>
Net earnings per share	<u>\$1.11</u>	<u>\$1.36</u>

BALANCE SHEETS

FRUEHAUF TRAILER COMPANY OF CANADA LIMITED

(Incorporated under the Canada Corporations Act)

ASSETS

	<u>December 31 1976</u>	<u>December 31 1975</u>
CURRENT ASSETS		
Cash and short-term notes	\$ 7,806,938	\$ 1,494,753
Trade receivables		
Installment contracts (Note 1)	14,472,937	17,656,167
Accounts receivable	<u>5,223,638</u>	<u>5,765,765</u>
	19,696,575	23,421,932
Inventories (Note 2)	11,114,841	11,290,656
Prepaid expenses	<u>84,074</u>	<u>91,961</u>
	38,702,428	36,299,302
EQUIPMENT LEASED TO CUSTOMERS (Note 3)	1,292,459	2,239,625
PROPERTY, PLANT AND EQUIPMENT		
Land	469,822	469,822
Buildings and equipment	4,701,540	4,550,593
Machinery and other equipment	<u>4,295,995</u>	4,290,115
	9,467,357	9,310,530
Less accumulated depreciation	4,965,939	4,681,169
	4,501,418	4,629,361
TOTAL ASSETS	\$44,496,305	\$43,168,288

On behalf of the Board

W.T. McDougall, Director

R.D. Rowan, Director

TOTAL ASSETS

\$44,496,305

\$43,168,288

LIABILITIES AND SHAREHOLDERS' INVESTMENT

	December 31 1976	December 31 1975
CURRENT LIABILITIES		
Short-term promissory notes payable.....	\$ —	\$ 1,000,000
Accounts payable and accrued liabilities	3,562,288	3,043,664
Taxes on income (including deferred of \$1,634,900 in 1976 and \$1,883,100 in 1975)	2,183,033	2,552,533
Due to affiliated companies	1,848,651	608,183
Debenture payment due within one year.....	—	800,000
 TOTAL CURRENT LIABILITIES	7,593,972	8,004,380
 OTHER LIABILITIES		
Deferred taxes on income	706,200	878,500
 SHAREHOLDERS' INVESTMENT (Note 4)		
Capital stock		
Authorized 6,000,000 shares		
Issued and outstanding 2,705,775 shares.....	5,149,063	5,149,063
Earnings retained for use in the business	31,047,070	29,136,345
	36,196,133	34,285,408
 COMMITMENTS AND CONTINGENT LIABILITIES		
(Notes 5 and 6)		
 TOTAL LIABILITIES AND SHAREHOLDERS' INVESTMENT	\$44,496,305	\$43,168,288

STATEMENT OF EARNINGS RETAINED FOR USE IN THE BUSINESS

YEARS ENDED DECEMBER 31, 1976
AND DECEMBER 31, 1975

	1976	1975
Balance at beginning of year	\$29,136,345	\$25,557,984
Net earnings for the year	2,993,035	3,674,271
	32,129,380	29,232,255
Cash dividends.....	1,082,310	95,910
Balance at end of year	\$31,047,070	\$29,136,345

STATEMENT OF CHANGES IN FINANCIAL POSITION

YEARS ENDED DECEMBER 31, 1976
AND DECEMBER 31, 1975

	1976	1975
SOURCE OF WORKING CAPITAL		
OPERATIONS		
Net earnings for the year	\$ 2,993,035	\$ 3,674,271
Depreciation of equipment leased to customers.....	691,128	999,485
Depreciation of plant and equipment	454,399	434,194
(Decrease*) in deferred taxes on income.....	172,300*	153,600*
TOTAL FROM OPERATIONS	3,966,262	4,954,350
OTHER		
Retirement of equipment leased to customers.....	347,484	405,589
Disposal of property, plant and equipment, at net book value.....	562	13,178
	4,314,308	5,373,117
APPLICATION OF WORKING CAPITAL		
Cash dividends.....	1,082,310	95,910
Additions to equipment leased to customers	91,446	226,910
Additions to plant and equipment	327,018	310,015
Decrease in long-term debt	—	1,500,000
	1,500,774	2,132,835
NET INCREASE IN WORKING CAPITAL FOR YEAR	2,813,534	3,240,282
WORKING CAPITAL AT BEGINNING OF YEAR	28,294,922	25,054,640
WORKING CAPITAL AT END OF YEAR	\$31,108,456	\$28,294,922

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1976

SUMMARY OF ACCOUNTING PRINCIPLES

INVENTORIES

Inventory amounts are based upon physical determinations during the year and have been stated at the lower of cost or market prices. Cost prices are determined by the first-in, first-out method, and market prices represent the lower of replacement cost or estimated net realizable amount.

EQUIPMENT LEASED TO CUSTOMERS

Lease rental payments are recognized as income over the period of the lease and the equipment is depreciated on a straight-line basis to a projected lease terminal value.

PROPERTY, PLANT AND EQUIPMENT

The Company records property, plant and equipment at cost. Depreciation is provided on a straight-line basis over the life expectancy of the asset. The estimated useful life of each major class of assets is as follows:

Buildings and equipment — 25-40 years

Machinery and other equipment — 5-10 years

Maintenance and repairs are charged against earnings as incurred.

TAXES ON INCOME

The financial statements include an appropriate provision for taxes on income regardless of when such taxes are payable. Profit from sales financed by installment contracts is recognized for financial reporting purposes in the year of sale; such profit is recognized for tax purposes as payments are received under the contracts. Since the installment contracts which give rise to the tax differences are current assets, the related deferred tax is shown as a current liability, although it may not be payable within one year. Non-current deferred income taxes result from the Company having claimed depreciation for tax purposes in excess of that charged to income in the financial statements.

PENSIONS

The Company has noncontributory pension plans covering substantially all employees. Current service costs of pension benefits are accrued and funded on a current basis. Past service costs are amortized and funded over periods not exceeding fifteen years.

EARNINGS PER SHARE

Earnings per share are calculated on the basis of the average number of shares outstanding during the year.

NOTE 1 — INSTALLMENT CONTRACTS

Installment contracts at December 31 are stated after deduction of deferred finance charges of \$3,176,430 for 1976 and \$3,546,343 for 1975, and include installments due after one year of approximately \$11,008,000 for 1976 and \$13,179,000 for 1975.

NOTE 2 — INVENTORIES

	December 31 1976	December 31 1975
New trailers	\$ 1,098,584	\$ 3,655,452
Production parts, work in process and raw materials	5,762,913	3,693,942
Service parts and orders in process	2,985,856	2,800,905
Used trailers	1,267,488	1,140,357
	<u>\$11,114,841</u>	<u>\$11,290,656</u>

NOTE 3 — EQUIPMENT LEASED TO CUSTOMERS

Equipment leased to customers at December 31 is stated at cost less accumulated depreciation of \$2,186,267 for 1976 and \$2,949,789 for 1975.

NOTE 4 — ANTI-INFLATION LEGISLATION

The Company is subject to the Federal Government Anti-Inflation Legislation which became effective October 14, 1975. This legislation imposes certain controls over prices, profits and compensation payments. In addition, retained earnings available for dividend distribution prior to October 13, 1977 is restricted to a maximum of \$1,347,209.

NOTE 5 — LONG-TERM LEASES

The Company is lessee under long-term leases for sales and service branches requiring rental payments of approximately \$135,000 per annum. The Company has the right to purchase three of these properties and if these rights were exercised at December 31, 1976 the aggregate purchase price would approximate \$320,000.

NOTE 6 — PENSIONS

Based on actuarial valuations and estimates, unfunded service costs of pension plans at December 31 amount to approximately \$898,000 for 1976, \$614,000 for 1975, which reflects the increase in benefits committed during the year. Unfunded vested benefits at December 31 approximate \$581,000 for 1976, \$166,000 for 1975. Total pension expense was \$225,486 in 1976 and \$267,773 in 1975.

NOTE 7 — DIRECTORS AND OFFICERS

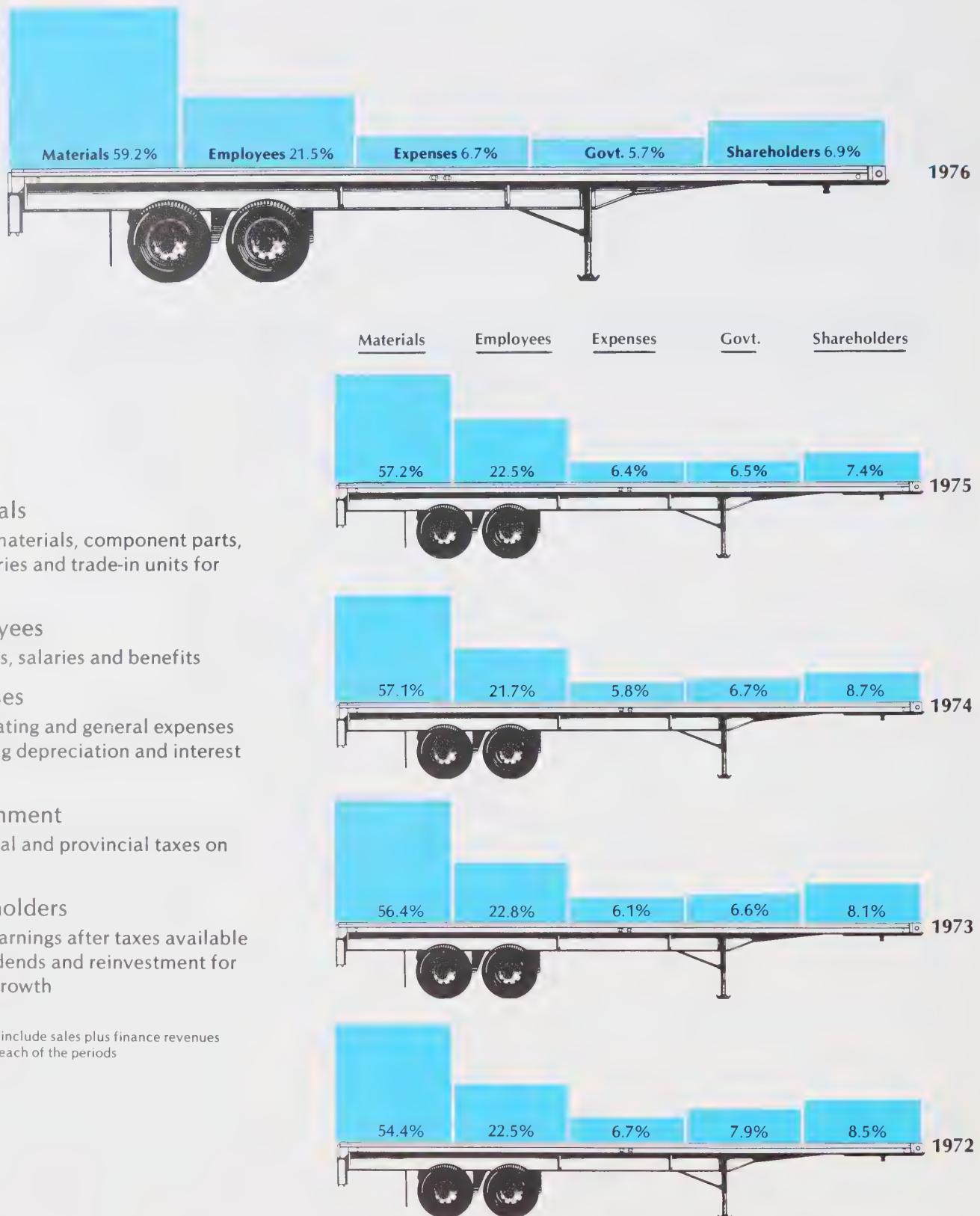
Aggregate remuneration of the seven directors, as directors, amounted to \$1,200 in 1976 and 1975 and for the six officers amounted to \$149,000 and \$128,000 respectively. Four officers are also directors.

STATISTICAL SUMMARY OF OPERATIONS

	<u>1976</u>	<u>1975</u>	<u>1974</u>	<u>1973</u>
INCOME DATA				
Sales	\$40,872,708	\$47,161,334	60,073,980	51,031,753
Finance and Other Interest	2,588,410	2,320,268	2,049,814	1,464,868
Cost of Products and Service Sold	32,959,679	36,833,238	46,237,615	39,338,356
Per cent to Sales	80.6	78.1	76.9	77.0
Selling and Administrative Expenses	\$ 3,114,987	\$ 3,186,703	3,327,728	2,882,982
Per cent to Sales	7.6	6.8	5.5	5.6
Depreciation				
Equipment Leased to Customers	\$ 691,128	\$ 999,485	1,164,293	1,323,637
Plant and Equipment	454,399	434,194	481,757	382,910
Earnings before Taxes on Income	5,488,035	6,866,271	9,539,837	7,687,493
Per cent to Sales	13.4	14.6	15.9	15.1
Net Earnings	\$ 2,993,035	\$ 3,674,271	5,388,837	4,260,493
Per cent to Sales	7.3	7.8	9.0	8.3
Per Share Outstanding	\$ 1.11	\$ 1.36	1.99	1.57
CAPITAL INVESTMENT IN YEAR				
Equipment Leased to Customers	\$ 91,446	\$ 226,910	404,096	2,490,012
Property, Plant and Equipment	327,018	310,015	424,063	1,121,288
FINANCIAL POSITION YEAR-END				
Total Assets	\$44,496,305	\$43,168,288	49,429,223	41,022,816
Working Capital	31,108,456	28,294,922	25,054,640	19,713,525
Current Ratio	5.1 to 1	4.5 to 1	2.5 to 1	2.7 to 1
Installment Contracts Receivable	\$14,472,937	\$17,656,167	17,545,115	14,404,473
Equipment Leased to Customers — Net ..	1,292,459	2,239,625	3,417,789	4,694,717
Property, Plant and Equipment — Net ..	4,501,418	4,629,361	4,766,718	4,829,978
Shareholders' Equity	36,196,133	34,285,408	30,707,047	26,400,520
Book Value per Share	13.38	12.67	11.35	9.75
EMPLOYMENT				
Number of Employees at Year-end	792	635	966	1145
SHAREHOLDERS				
Number of Shareholders	425	406	417	394
Dividend per Share (*Incls. .20 interim 1972)	\$.40	\$.40	.40	.40

<u>1972</u>	<u>1971</u>	<u>1970</u>	<u>1969</u>	<u>1968</u>	<u>1967</u>
40,609,738	31,789,041	25,643,625	28,967,895	21,367,992	22,952,426
1,684,879	1,732,102	1,700,034	1,457,509	1,105,839	919,850
30,896,381	23,963,131	19,319,712	21,734,756	16,652,542	17,354,237
76.1	75.3	75.3	75.0	77.9	75.6
2,328,839	2,217,022	1,954,724	2,072,844	1,764,335	1,729,576
5.7	7.1	7.6	7.2	8.2	7.5
1,115,512	1,134,202	1,126,380	977,428	759,930	564,313
346,739	374,414	349,711	332,633	343,490	305,781
6,946,136	5,145,776	3,682,607	4,485,393	2,280,782	3,348,376
17.1	16.2	14.4	15.5	10.7	14.6
3,597,136	2,501,776	1,709,607	2,129,393	1,081,782	1,570,376
8.9	7.9	6.7	7.4	5.1	6.8
1.33	.92	.63	.79	.40	.58
1,532,537	1,537,623	1,779,590	1,539,963	1,450,251	759,006
718,624	241,156	194,956	384,599	460,929	797,337
35,063,723	30,784,211	30,582,683	32,168,250	26,926,953	23,619,559
18,625,830	17,339,313	14,971,346	13,650,970	12,279,152	12,358,891
3.1 to 1	3.7 to 1	2.8 to 1	2.2 to 1	2.5 to 1	3.4 to 1
13,001,551	13,025,951	14,423,000	14,102,500	11,967,900	10,001,350
3,696,762	3,410,368	3,588,896	2,989,117	2,496,318	1,848,143
4,097,745	3,728,400	3,869,507	4,034,112	4,079,448	3,975,530
23,222,337	21,068,281	18,626,449	16,976,786	14,907,337	13,885,499
8.58	7.79	6.88	6.27	5.51	5.13
1001	841	653	826	792	846
331	296	327	349	371	391
.53*	.25	.25	.25	.25	.25

REVENUE DISTRIBUTION*



Materials

Raw materials, component parts, accessories and trade-in units for resale

Employees

Wages, salaries and benefits

Expenses

Operating and general expenses including depreciation and interest expense

Government

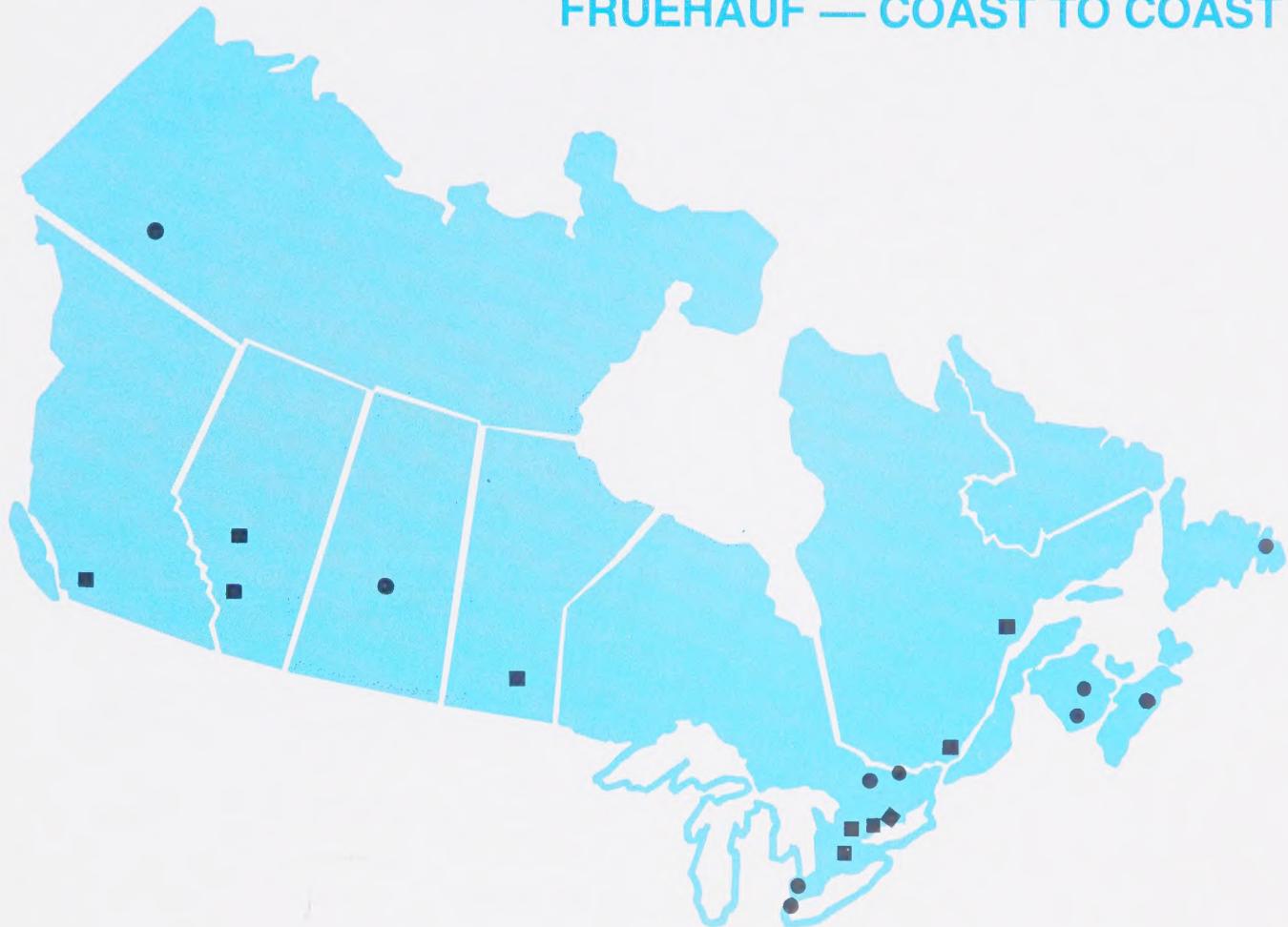
Federal and provincial taxes on income

Shareholders

Net earnings after taxes available for dividends and reinvestment for future growth

*Revenues include sales plus finance revenues earned in each of the periods

FRUEHAUF — COAST TO COAST



◆ Head Office — 2450 Stanfield Road, Mississauga, Ontario

■ Sales and Service

Quebec
Montreal
Toronto
London
Winnipeg
Calgary
Edmonton
Vancouver
Kitchener

● Distributors and Dealers

Dartmouth, N.S.
Fredericton, N.B.
St. John's, Nfld.
Saint John, N.B.
Ottawa, Ont.
Windsor, Ont.
Sarnia, Ont.
North Bay, Ont.
Prince Albert, Sask.
Whitehorse, Yukon

Products Manufactured

Vans
Dry Freight — Smooth
and Beaded Panels
Insulated-Refrigerated
City Delivery
Furniture
Livestock
Grain Haul
FRP Type
Wedge Type
Platforms
Stake and Rack
Dumps
Container Chassis
Dollies
Truck Bodies

Tanks — Steel, Aluminum and
Stainless Steel

Liquid Products:

Petroleum

Hot Material

Chemical

Food Products

Dry Flowable Bulk Products:

Cement

Food Products

Aggregates

Construction

Carryalls — 15 to 100 ton

Oilfield Floats

Tilt Decks

DIRECTORS

R.D. Rowan
President of the Company and President and
Chief Executive Officer, Fruehauf Corporation,
Detroit, Michigan

D.A. Grinstead
Vice President of the Company, Toronto, Ontario

W.T. McDougall
Vice-President - Finance of the Company,
Toronto, Ontario

T.N. Combs
Secretary of the Company and Vice President,
General Counsel and Secretary, Fruehauf
Corporation, Detroit, Michigan

W.E. Grace
Chairman of the Board
Fruehauf Corporation, Detroit, Michigan

T.J. Reghanti
Vice President and General Manager, Fruehauf
Division, Fruehauf Corporation, Detroit Michigan

R.J. Telford
Retired: former Vice President of the Company,
Toronto, Ontario

OFFICERS

R.D. Rowan, President

D.A. Grinstead, Vice President

W.T. McDougall, Vice President - Finance

T.N. Combs, Secretary

B.A. West, Controller

A. Purdon, Assistant Secretary

TRANSFER AGENT AND REGISTRAR

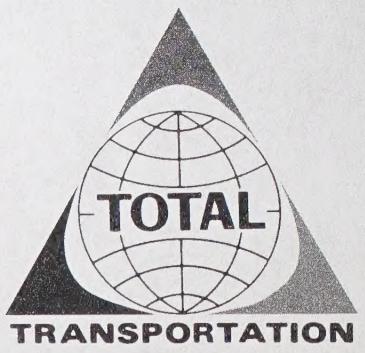
National Trust Company Limited
Toronto and Montreal

SOLICITORS

Borden & Elliot
Toronto, Ontario

AUDITORS

Touche Ross & Co.
Toronto, Ontario



FRUEHAUF